

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Order Instituting Rulemaking to Establish
Policies and Rules to Ensure Reliable, Long-Term
Supplies of Natural Gas to California.

Rulemaking 04-01-025
(Filed January 22, 2004)

**ADMINISTRATIVE LAW JUDGES' RULING
REGARDING NOTICE OF WORKSHOP**

In Decision (D.) 04-09-022, the decision which addressed the Phase I issues in this proceeding, one of the issues was whether the utilities' existing natural gas quality specifications should be changed. D.04-09-022 states in pertinent part:

“There are a number of ongoing activities studying the issue of LNG gas interchangeability. The Commission should coordinate statewide efforts with the CEC and other state agencies and conduct a workshop to thoroughly examine gas quality issues in the near future. The workshop process will provide participants and the Commission with a forum to examine the gas quality specifications and the related concerns in detail.” (D.04-09-022, pp. 80-81.)

This ruling provides notice that a workshop on the natural gas quality specifications will be held on December 8 (from 10:00 am to 4:00 pm) and December 9, 2004 (from 9:00 am to 4:00 pm) in the Commission Courtroom, State Office Building, 505 Van Ness Avenue, San Francisco, California. Attached to this ruling as Appendix A is the “Notice of Joint Workshop Between the Energy Resources Conservation and Development Commission and California Public Utilities Commission.” Appendix A provides all of the details of the workshop.

This workshop is being conducted collaboratively by the California Public Utilities Commission (CPUC), the California Energy Commission's (Energy

Commission) Integrated Energy Policy Report Committee, the California Air Resources Board, and the California Department of Conservation – Division of Oil, Gas, and Geothermal Resources. The workshop will address the natural gas quality specification issues that were raised in Order Instituting Rulemaking (R.) 04-01-025, and certain issues presented in the Energy Commission’s 2003 Integrated Energy Policy Report, docket number 04-IEP-1.

Please note that this workshop invites interested parties to file written comments, comments in response to anything presented at the workshop or to the written comments, and comments to the workshop report that is to be filed. Appendix A describes the procedures that the parties should follow for filing their comments. Parties filing documents with the CPUC and the Energy Commission should also follow any other applicable filing procedures, such as the CPUC’s Rules of Practice and Procedure.

Therefore, **IT IS RULED** that:

1. A workshop on natural gas quality specifications shall be held on December 8 (from 10:00 am to 4:00 pm) and December 9, 2004 (from 9:00 am to 4:00 pm) in the Commission Courtroom, State Office Building, 505 Van Ness Avenue, San Francisco, California.
2. The details of the workshop on natural gas quality specifications, and the procedures for filing workshop comments and the workshop report, are set forth in Appendix A of this ruling.

Dated November 4, 2004, at San Francisco, California.

/s/ JOHN S. WONG for
David K. Fukutome
Administrative Law Judge

/s/ JOHN S. WONG
John S. Wong
Administrative Law Judge

**CALIFORNIA ENERGY COMMISSION**

1516 Ninth Street
Sacramento, California 95814

**PUBLIC UTILITIES COMMISSION**

505 Van Ness Avenue
San Francisco, Ca 94102-3298

APPENDIX A
NOTICE OF JOINT WORKSHOP
BETWEEN THE
ENERGY RESOURCES CONSERVATION AND
DEVELOPMENT COMMISSION
AND
CALIFORNIA PUBLIC UTILITIES COMMISSION

In the matter of:)	Energy Commission
Informational Proceeding and Preparation of the)	Docket No. 04-IEP-01
California Energy Commission <i>2005 Integrated</i>)	CPUC Docket No.
<i>Energy Policy Report</i> and)	R.04-01-025
California Public Utilities Commission)	Notice of Workshop on
Natural Gas Order Instituting Rulemaking 04-01-025)	NATURAL GAS QUALITY
)	ISSUES

The California Energy Commission's (Energy Commission) Integrated Energy Policy Report (Energy Report) Committee and the California Public Utilities Commission (CPUC) will conduct a joint workshop to address natural gas quality issues raised in the CPUC Natural Gas Order Instituting Rulemaking (R.) 04-01-025 and the Energy Commission *2003 Energy Report* dated December 2003. The workshop is being conducted in collaboration with the California Air Resources Board (CARB) and the California Department of Conservation's Division of Oil, Gas, and Geothermal Resources (DOGGR). The workshop will be held on:

WEDNESDAY, DECEMBER 8, 2004

from 10:00 am to 4:00 pm

and

THURSDAY, DECEMBER 9, 2004

from 9:00 am to 4:00 pm

at the

California Public Utilities Commission Auditorium

505 Van Ness Avenue, San Francisco, CA

(Wheelchair Accessible)

Audio from this meeting will be broadcast over the Internet.

For details, please go to:

www.energy.ca.gov/webcast/

www.cpuc.ca.gov

Commissioner John L. Geesman is the Presiding Member of the Energy Commission's Integrated Energy Policy Report Committee and Commissioner James Boyd is the Associate

Member. President Michael Peevey and Commissioner Susan Kennedy are the assigned commissioners in R.04-01-025.

Purpose of the Workshop

State energy policy encourages consumer access to the broadest possible set of natural gas supplies consistent with California's energy, environmental, and public health and safety requirements. This workshop will:

- Identify potential issues involving natural gas quality and related specifications affecting its use in California,
- Explore if and how issues can be resolved and still meet related policy and regulatory objectives, and
- Provide the foundation for the involved agencies to develop recommendations to resolve these issues wherever possible.

The agencies will specifically consider if the current natural gas quality specifications, utility rules, and standards are appropriate or if they should be modified to meet current and future needs. The agencies are also interested in exploring activities and policies being considered in other states and at the national level.

The information examined will be considered within existing policy and regulatory objectives, including:

- Ensuring the integrity and safety of the natural gas pipeline system,
- Ensuring that end use appliances and applications receive a stable natural gas supply within acceptable quality specifications,
- Protecting ambient air quality standards,
- Maximizing the production of California's domestic natural gas resources,
- Ensuring all imported natural gas supplies meet the appropriate quality specifications, and
- Providing a stable and predictable regulatory framework.

This notice reinforces the state's desire to provide broad energy choices to consumers and at the same time meet environmental and public health and safety requirements. The state must also ensure that the integrity of its natural gas pipeline system is not compromised in any manner that might endanger public health and safety or significantly increase costs to the residential and business customers of the pipeline and distribution companies.

In addition, the agencies encourage participants to address other related issues not raised in this workshop notice that they believe will assist the agencies in accomplishing the objectives of this workshop.

All interested parties are invited to participate in this workshop to ensure a sound factual record and consideration of all innovative solutions. Parties are also encouraged to provide oral and/or written comments, as well as to participate in discussions during the workshop. Written comments shall be filed by December 3, 2004. If any party wishes to submit comments in response to anything presented at the workshop or to written comments filed by parties, those reply comments are to be filed no later than December 19, 2004. This workshop will be

transcribed so the information will be available to those who are not able to attend. The workshop transcript will become a part of the formal record in both R.04-01-025 and the Energy Commission proceeding.

After the workshop, the CPUC and Energy Commission staff shall prepare and file a workshop report with recommendations to both the CPUC and Energy Commission. This workshop report shall be filed February 4, 2005. Interested parties may file comments on the workshop report. Those comments shall be filed on or before February 22, 2005.

Participants who desire to make a presentation at the workshop are requested to contact the CPUC and Energy Commission, as indicated below, by November 29, 2004, provide a copy of their presentation, by December 6, 2004, so they can be loaded on the CPUC's and Energy Commission's websites for remote viewing. Participants are encouraged to provide their presentations in a PowerPoint or equivalent format to:

Mike Purcell at mpurcell@energy.state.ca.us
and
David Effross, at DRE@cpuc.ca.gov

The list of topics and questions is attached; the final agenda will be posted on the agencies' websites by December 3, 2004, indicating the time allowed for presenters and topics. Actual presentations at the workshop may be limited to 5 minutes to allow all parties an opportunity to be heard.

All written materials filed with the CPUC and Energy Commission will become part of the public record in these proceedings.

All written comments, the workshop report, and comments on the workshop report shall be filed in both the IEPR docket (04-IEP-1) at the Energy Commission and with the CPUC in R.04-01-025 at the following addresses:

California Energy Commission
Re: Docket No. 04-IEP-01
Docket Unit, MS-4
1516 Ninth St.
Sacramento, CA 95814-5504
E-mail: docket@energy.state.ca.us

and

Docket Office

California Public Utilities Commission
505 Van Ness Avenue, Room 2001
San Francisco, CA 94102-3298

Public Participation

The Energy Commission and CPUC encourage all Californians to participate in their meetings, hearings, workshops, and proceedings. If you have questions regarding how you can participate in this workshop, please contact either:

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- The CPUC's Public Advisor's Office by phone at (415) 703-2074 or toll free at (866) 849-8390, by TTY (415) 703-5282 or toll free TTY (866) 836-7825, by FAX at (415) 355-5404, or by e-mail at public.advisor@cpuc.ca.gov
- The Energy Commission's Public Advisor, Margret J. Kim, by phone at (916) 654-4489 or toll free at (800) 822-6228, by FAX at (916) 654-4493, or by e-mail at pao@energy.state.ca.us.

The workshop location is accessible to people with disabilities. If you have a disability and require assistance to participate in this workshop, please contact Lou Quiroz of the Energy Commission at (916) 654-5146, or the CPUC's Public Advisor's Office at the contact information listed above, at least five days in advance of the workshop date.

For further technical information, please contact:

CPUC: David Effross, at DRE@cpuc.ca.gov
Energy Commission: Mike Purcell, at mpurcell@energy.state.ca.us
ARB: Gary Yee, at gyee@arb.ca.gov
DOGGR: Jim Campion, at jim.campion@conservation.ca.gov

This workshop will be webcast live and the presentations will be available on the web. Please visit the Energy Commission's website or the CPUC website at www.energy.ca.gov or www.cpuc.ca.gov, respectively, the morning of this workshop for instructions on listening to the audio and viewing all available presentations.

Participants are encouraged to use mass transit and carpooling to reach the workshop site in order to reduce our transportation energy demand.



JOHN L. GEESMAN
Commissioner and Presiding Member
of the 2005 Integrated Energy Policy
Report Committee



MICHAEL R. PEEVEY
President, CPUC



JAMES D. BOYD
Commissioner and Associate Member
of the 2005 Integrated Energy Policy
Report Committee

Enclosure

Topics of the Workshop
Natural Gas Quality Standards
Workshop Sponsored by CPUC and CEC
December 8-9, 2004
CPUC Auditorium, San Francisco, California

I. Introduction

- a) What are different measurements of gas quality?
 - 1. Chemical Composition
 - 2. Heating value
 - 3. Wobbe index
 - 4. Methane number
 - 5. Hydrocarbon dew point (HDP)
- b) Why does gas quality matter?
 - 1. Commercial and residential burner tip performance
 - 2. Safety and reliability issues
 - 3. Emissions and air quality
- c) What are the quality characteristics of the pipeline gas imported into California from other states and Canada?
- d) What are California natural gas producers' issues concerning gas quality standards?
- e) What are the potential effects of the introduction of regasified LNG on quality of the natural gas flowing through California pipelines?
- f) How fully interchangeable is regasified LNG with pipeline gas?

II. What are California's current standards?

- a) Gas Quality Rules 30 (SoCalGas and SDG&E) and 21 (PG&E), CPUC General Order 58-A
 - 1. What are the current standards?
 - 2. Are there concerns regarding these standards?
- b) California Air Resources Board Motor Vehicle Fuel Specifications: California Code of Regulations, Title 13, Section 2292.5, Specifications for Compressed Natural Gas
 - 1. What are the current specifications?
 - 2. What are the concerns regarding these specifications?
- c) Should there be one statewide universal standard for pipeline gas?
 - 1. All users
 - 2. All locations
 - 3. All seasons

III. Should there be any changes to current standards in California?

- a) If yes, what kind of changes?
- b) Should these changes be specified in utility tariffs or operating agreements?
- c) How much discretion should the utilities have in meeting natural gas quality standards adopted by CPUC and ARB?

IV. What are the best solutions for addressing the problems of in-state producers to meet the current gas standards by ARB and the CPUC?

- a) In-state producers in southern California-SoCalGas Rule 30 and ARB standards
- b) In-state producers in northern California-PG&E Rule 21 and ARB standards

V. What is happening at the local, national and international level regarding natural gas quality studies?

- a) SoCalGas Air Emission Advisory Committee
- b) National studies
- c) FERC conference
- d) European studies

VI. What are potential quality issues related to regasified LNG? How should these issues be addressed?

- a) High Btu
- b) Different chemical composition for same Btu
- c) Higher proportion of heavy hydrocarbon
- d) Quality variations in different LNG tanker-loads

VII. Are there any cost impacts on end-users involved with implementing different natural gas quality standards in California?

- a) Residential
- b) Commercial
- c) Appliance manufactures
- d) Gas-fired power plants
- e) Chemical feedstock
- f) Natural gas vehicle

(END OF APPENDIX A)

CERTIFICATE OF SERVICE

I certify that I have by mail, and by electronic mail to the parties to which an electronic mail address has been provided, this day served a true copy of the original attached Administrative Law Judges' Ruling Regarding Notice of Workshop on all parties of record in this proceeding or their attorneys of record.

Dated November 4, 2004, at San Francisco, California.

/s/ ERLINDA PULMANO

Erlinda A. Pulmano

N O T I C E

Parties should notify the Process Office, Public Utilities Commission, 505 Van Ness Avenue, Room 2000, San Francisco, CA 94102, of any change of address to ensure that they continue to receive documents. You must indicate the proceeding number on the service list on which your name appears.

The Commission's policy is to schedule hearings (meetings, workshops, etc.) in locations that are accessible to people with disabilities. To verify that a particular location is accessible, call: Calendar Clerk (415) 703-1203.

If specialized accommodations for the disabled are needed, e.g., sign language interpreters, those making the arrangements must call the Public Advisor at (415) 703-2074, TTY 1-866-836-7825 or (415) 703-5282 at least three working days in advance of the event.